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Zimbabwe

Grain and Feed

Monthly Update

2007

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Report Highlights:

Zimbabwe's 2006/07 corn crop is now estimated at 600,000 MT compared to the 900,000 MT crop produced in 2005/06. The decline in output is mainly due to a late summer drought although the usual constraints of a shortage of inputs and equipment also played a role in the cutback in area planted. Foreign exchange to buy corn in the region is also limited and Zimbabweans face another year of food shortages. Preparations for winter wheat production is also slow.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[RH]

Summary

2007 is an El Nino year and the epicenter is in the southern parts of the country. The El Nino influence changed from being weak in the first half of the season and became significant over the southern parts of Zimbabwe from January onwards. March was predominantly dry. Only the northern parts of the country received some rains and the corn crop condition is generally fair to good. Rainfall in the southern parts of the country has been low and erratic and crop condition is poor. Most crops in the southern parts of the country have been written off due to the drought.

The country faces depressed agricultural output due to the drought and input supply bottlenecks. We expect Zimbabwe's 2006/7 production of corn to drop to around 600,000 MT.

Preparations for wheat production are still slow.

Exchange rate:	Z\$250	=US\$1 (official)
	Z\$20,000	=US\$1 (parallel market)

CORN

PSD Table

Country Zimbabwe

Commodity Corn

1000 HA	2004 Revised			2005 Estimate			2006 Forecast		
			Post			Post			Post
	USDA	Post	Estimate	USDA	Post	Estimate	USDA	Post	Estimate
1000 MT	Official	Estimate	New	Official	Estimate	New	Official	Estimate	New
Market Year Begin	05/2005		05/2005	05/2006		05/2006	05/2007		05/2007
Area Harvested	1200	1200	1200	1300	1300	1300	1300	1300	1100
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	550	550	550	900	900	900	850	850	600
MY Imports	1033	1002	1002	200	200	200	350	350	450
TY Imports	731	731	731	671	900	900	300	600	350
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	1583	1552	1552	1100	1100	1100	1200	1200	1050
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	75	75	75	75	75	75	75	75	50
FSI Consumption	1508	1477	1477	1025	1025	1025	1125	1125	1000
Total Consumption	1583	1552	1552	1100	1100	1100	1200	1200	1050
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	1583	1552	1552	1100	1100	1100	1200	1200	1050

Production

Rainfall in March was critical for successful corn production in most parts of Zimbabwe as the majority of the crop was in the reproductive stage (tasselling to grain filling), the stage where adequate moisture is required for good yields. Good rainfall in March was needed to avert crop failure. However, prolonged hot and dry conditions were experienced over much of Zimbabwe during the greater part of March. Only the northern areas experienced some wet spells. The El Nino influence became significant over southern Zimbabwe in the latter half of the season (January to March), keeping the Inter-Tropical Convergence Zone (ITCZ) north of Zimbabwe in Zambia.

The majority of the corn crops suffered severe moisture stress at the critical reproductive periods resulting in widespread crop failure and severe yield reductions particularly in the areas south of Harare. On March 20 the government of Zimbabwe declared 2007 a drought year following the poor and erratic rains. Only the crops planted early (before mid-December) will produce some harvests. Late-planted crops have no prospects of producing any meaningful harvests.

The areas most affected by the moisture stress and high temperatures are in the southern half parts of the country (Matebeleland North, Matebeleland South, Midlands, Masvingo and southern Manicaland Provinces) where extensive crop failure has occurred.

The drought will push the 2007 corn production estimates lower than the initial forecast of 850,000 MT. It is likely that the corn crop will drop to about 600,000 MT. However, corn harvest estimates may be revised in April after results of crop assessments are known. Teams comprising the National Early Warning Unit (NEWU) and AREX were sent out to assess the crop situation in all provinces between 12 and 23 March. The collected data is still being processed. It is likely that findings from this crop survey will be presented to the responsible authorities in the second week of April.

Consumption

The 2005/06 harvested corn crop estimated at 900,000 MT is lower than the national requirement now estimated at about 1.4 million MT. Domestic demand is limited by the outflow of people to neighboring states as well as the population's ability to pay.

Corn is currently in short supply in the southern parts of the country, the worst affected being Matebeleland South where a 95% crop failure has occurred this season and the GMB estimates a food deficit of 110,000 MT in the province.

Trade

Zimbabwe has been importing corn from South Africa in order to augment local corn production as shown on the table below. From May 1, 2006 to March 23, 2007 a total of 97,735 tons of white corn and 264 tons of yellow was imported. Compared to MY2005/6 when Zimbabwe imported 1.3 million MT from South Africa, the rate and quantity of current corn imports has slowed down significantly due to Zimbabwe's shortage of foreign currency. In 2005/06 corn imports from South Africa averaged 112,000 MT per month, but this season's corn imports to date are only 97,999 MT at an average of 8,300 MT per month

The government has also been importing corn from Zambia where the latter had been contracted to supply 100,000 MT to Zimbabwe. However, in mid-March Zambia halted all corn exports in order to avoid shortages in that country after floods affected some of the corn crop, reducing the 2006/7 potential harvests. This ban has been lifted again to allow existing contracts to be completed but grain movement has been limited by payment delays. Malawi also has corn available for export and could also become active in the market as South African corn prices increase.

WHEAT

PSD Table

Country	Zimbabwe								
Commodity	Wheat								
1000 HA	2004 Revised			2005 Estimate			2006 Forecast		
			Post			Post			Post
	USDA	Post	Estimate	USDA	Post	Estimate	USDA	Post	Estimate
1000 MT	Official	Estimate	New	Official	Estimate	New	Official	Estimate	New
Market Year Begin	07/2004		07/2004	07/2005		07/2005	07/2006		07/2006
Area Harvested	35	35	35	35	35	35	35	45	45
Beginning Stocks	100	0	0	100	0	0	100	0	0
Production	105	105	105	120	120	120	135	135	135
MY Imports	130	130	130	125	90	90	125	100	100
TY Imports	130	130	130	125	90	90	125	80	80
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	335	235	235	345	210	210	360	235	235
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	0	0	0	0	0	0	0	0	0
FSI Consumption	235	235	235	245	210	210	260	235	235
Total Consumption	235	235	235	245	210	210	260	235	235
Ending Stocks	100	0	0	100	0	0	100	0	0
Total Distribution	335	235	235	345	210	210	360	235	235

Production

Wheat production in 2006 is estimated at 135,000 MT from 45,000 hectares planted.

Preparations for the 2007 winter wheat plantings are still very slow. The Zimbabwe National Water Authority (ZINWA) estimates that there is adequate irrigation water for up to 76,000 hectares of winter crops. Wheat production in 2007 is expected to reach between 40,000 and 45,000 hectares. However, the unknown producer price, limited availability of fertilizers, low tillage capacity, inadequate harvesting machinery and inability of the GMB to pay farmers on time pose a serious challenges to wheat production.

Consumption

Bread is currently in short supply in the country mainly due to the non-viable controlled bread prices. Wheat flour and bread are controlled products and price increases have to be approved by government. High production costs in the prevailing hyper-inflationary environment have resulted in millers and bakers severely scaling down production. Whilst the government-controlled price of wheat flour is Z\$610,000/MT, with the constantly escalating production costs, millers are proposing a price of Z\$1,400,000/MT in order to remain viable. Bread prices will

increase markedly and consumption may be reduced due to falling disposable incomes. Year-on-year inflation at the end of February peaked to 1730%, the highest in the world.

The Grain Marketing Board (GMB) is currently allocating 5,000 MT per week (or 260,000 MT per annum) to bakers because of limited availability of the commodity. This is inadequate to cater for the country's requirements of about 350,000 MT.

Trade

Wheat imports have also been slow. The country has so far imported a total of 17,630 MT comprising 7,588 MT from South Africa and 10,042 MT from Argentina.